Interest rate on Export Credit

606. SHRI GOVINDRAO ADIK:
DR. SHRIKANT RAMCHANDRA JICHKAR:†

Will the Minister of FINANCE be pleased to state:

(a) whether interest rates on export credit have recently been reviewed;

(b) if so, what are the details thereof; and

(c) what is its effect on banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) No, Sir.

(b) and (c) Do not arise.

DR. SHRIKANT RAMCHANDRA JICHKAR: Madam Deputy Chairman, the Ministry of Commerce has made an official complaint to the Ministry of Finance—this has been reported in their latest Annual Report—that there is a long standing complaint of the exporters that interest rate in rupee credit was high and they were not able to avail of export credit at internationally competitive rates of interest. This was the first complaint.

The second complaint was that there was a delay in sanctioning of export credit limits by banks and constraint of credit discipline such as inventory non-MPBF, etc. This was the official complaint made by the Commerce Ministry to the Finance Ministry. What will the Minister do to see that these complaints are sorted out?

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Madam Deputy Chairman, the Reserve Bank of India has laid down a minimum target for export credit to be given by the ....*(interruptions)*....

THE DEPUTY CHAIRMAN: Can I have some quietness in the House?

MR. Thakur Saheb, Minister of Parliamentary Affairs, please keep quite because I cannot hear what the Minister is saying.

SHRI MANMOHAN SINGH: I was saying that the Reserve Bank of India has laid down a minimum target to be achieved by the commercial banks with regard to their outstanding export credit and a proportion of their total net credit. This is 10 per cent. The figures that I have right from March, 1993 onwards show that this target has been exceeded in March, 1993. The percentage of total bank credit for export was 11.6 per cent. In June, 1993 it was 12 per cent, September, 1993 it was 10.9 per cent. On the 24th December, 1993—which is the latest figure—it was 11.1 per cent.

Apart from the rupee export credit, there is a second scheme with regard to the availability of export credit denominated in foreign exchange. On the 2nd of September, 1993, the Reserve Bank of India had evolved a scheme for post-shipment credit being given by the banks at internationally competitive rates. In October, 1993 this scheme has been extended to include pre-shipment. Therefore, to a substantial degree, the exporters interests are being protected particularly by the new scheme which provides facilities for exporters being able to get both pre-shipment and post-shipment credits at internationally competitive interest rates.

DR. SHRIKANT RAMCHANDRA JICHKAR: Madam Deputy Chairman, I am satisfied with the reply given by the Ministry. But I do not know whether the Minister of Commerce is satisfied with his reply. However, my second supplementary is....

THE DEPUTY CHAIRMAN: After feeling satisfied with the reply given by the Minister to your first supplementary, how can you put a second supplementary?

DR. SHRIKANT RAMCHANDRA JICHKAR: I do not think that the Ministry of Commerce will be satisfied with his reply.

†The question was actually asked on the floor of the House by Dr. Shrikant Ramchandra Jichkar.

My second supplementary is that it was reported in the month of April that the Reserve Bank of India was considering raising the export credit limit. But the Minister has now mentioned about the export credit limit as 10 per cent by the scheduled commercial banks and he gave figures, monthly figures, also. But the average should not exceed 10 per cent during the whole year. It is reported that the Reserve Bank is considering the raising of this limit to 12 per cent and it is mentioned that after the new Board was constituted, the Board was going to meet the Chairman of the Bank and an announcement was to be made. That was the report in "The Economic Times" on 2nd April, 1994. My second supplementary is whether this limit has been raised or whether this limit is going to be raised to 12 per cent. And, when will the announcement be made?

SHRI MANMOHAN SINGH: I have already answered the main question. This is the minimum amount of export credit that is prescribed. It is not a ceiling.

With regard to the question of increasing it, that is a matter for the Reserve Bank to consider.

THE DEPUTY CHAIRMAN: Question No. 607.

Employment Generation Scheme

607. SHRI G.G. SWELL:
SHRI CHIMANBHAI MEHTA:†

Will the Minister of FINANCE be pleased to state:

(a) what is the expected employment generation due to the last three annual budgets and the third year of liberalisation;

(b) what are the schemes in the budget that directly generate employment and what are the targets for the current year; and

(c) whether it is a fact that employment generation schemes directed at specific groups fail to achieve results due to corruption at ground level?

†The question was actually asked on the floor of the House by Shri Chimanbhai Mehta.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) The total employment generation in the country depends on a variety of factors, such as, total public and private investment including its nature and composition, level and composition of domestic and external demand, flexibility and efficiency of labour markets, status of skills and education, performance in agriculture and overall rate of growth of the economy and its composition. Although the annual budgets do make allocations for special programmes of employment generation, and other development schemes which also substantially lead to employment creation, it is not possible to specify the quantum of employment generated due to the budgets as such.

(b) The targets for 1994-95 of the special programmes of employment generation which are included in the Central Budget, are as follows:

Programme	Target
1. Jawahar Rozgar Yojana (JRY)	10889 lakh mandays.
2. Integrated Rural Development Programme (IRDP)	21.15 lakh families.
3. Prime Minister's Rozgar Yojana (PMRY)	(a) 2.2 lakh beneficiaries. (micro-enterprises) (b) 4.4 lakh employment generation
4. Nehru Rozgar Yojana (NRY) (a) Wage employment (b) Self employment component in micro-enterprises	100.6 lakh mandays. 1.16 lakh beneficiaries.
5. Employment Assurance Scheme (EAS)	Quantitative target not fixed as the work is provided on demand basis.